

~~CONFIDENTIAL~~

ODP #81-1718

29 September 1981

MEMORANDUM FOR: Director of Finance  
Director of Data Processing

VIA: Inspector General *es*

FROM:   
Chief, Audit Staff

SUBJECT: Report of Audit Appraisal: Financial  
Resources System

1. Attached is the subject report for your information.

2. This report summarizes the background, scope and results of an audit appraisal of the Financial Resources System. Please advise me of action taken on those recommendations contained in the report which apply to your office.

3. We wish to express our appreciation for the cooperation and assistance provided by members of your offices during the audit.

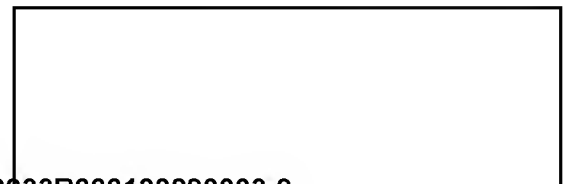


25X1

Attachment:  
As stated

Distribution:  
Orig. - Addressees  
1 - DDA  
1 - O/Compt/BMG

25X1



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# REPORT OF AUDIT APPRAISAL Financial Resources System

31 August 1981

## SUMMARY

1. The Financial Resources System (FRS) generally provides Agency managers with reliable and timely information. Attention to opportunities to remove deficiencies and implement worthwhile enhancements has kept the FRS current in changing technological and budgetary environments. However, all of the necessary documentation has not been similarly kept current. This report therefore contains comments and recommendations concerning the need to update the user's manual and certain system documentation.

## SCOPE

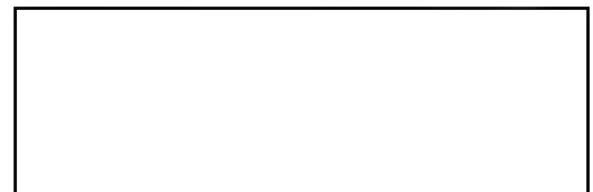
2. The audit was conducted to determine the effectiveness of controls and procedures associated with the operation and maintenance of the FRS to ensure the timely production of reliable information. The data preparation, error correction, and month-end processing procedures were observed and evaluated. Users of the FRS were interviewed to determine their satisfaction with the system. User and system documentation were reviewed for completeness and accuracy. FRS computer programs were not reviewed.

## BACKGROUND

3. The FRS is a sophisticated computer application designed to provide Agency managers with timely and reliable information to support their budgetary and fiscal responsibilities. The Office of Finance (OF) coordinates and controls all aspects of the system's operation. The Office of Data Processing (ODP) programmed the FRS during the early 1970's and, as requested by the OF, provides continuing technical support to the operation and maintenance of the system.

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**CONFIDENTIAL**DETAILED COMMENTSUser Documentation

4. The FRS user's manual is out of date. It has not been updated since June 1976, even though there have been many changes affecting FRS since then. The OF has issued memoranda to users concerning changes to the FRS; however, they do not include all changes and are not easily incorporated into the user's manual. As a result the OF/Data Base Administrator has to counsel budget and fiscal officers who have problems or questions concerning the changed uses and capabilities of the FRS.

5. Although the OF is aware of the need to update the user's manual and has been working on it intermittently, an intensified effort is needed.

Recommendation #1 (For OF): Update and reissue the FRS user's manual.

Recommendation #2 (For OF): Establish procedures to keep the FRS user's manual current.

System Documentation

6. A review of the ODP's technical documentation of the FRS disclosed that production manuals are complete and current, but that portions of the application and program manuals are incomplete or out of date. Items requiring revision include flow charts, data descriptions and data cross-references. The programmers who maintain the FRS rely on the application and program manuals to assess the feasibility and impact of proposed changes and to identify and resolve problems as they occur. Incomplete or out-of-date documentation complicates the programming effort required to maintain the FRS.

Recommendation #3 (For ODP): Review the application and program manuals of the FRS and update as required.

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*File*  
~~File~~  
 DRAFT

# REPORT OF AUDIT APPRAISAL Financial Resources System

31 August 1981

## SUMMARY

1. The Financial Resources System (FRS) generally provides Agency managers with reliable and timely information. Constant attention to opportunities to remove deficiencies and implement worthwhile enhancements has kept the FRS current in changing technological and budgetary environments. However, all of the necessary documentation has not been similarly kept current. This report contains comments and recommendations concerning the need to:

- update the user's manual.
- update system documentation.

## SCOPE

2. The audit was conducted to determine whether controls and procedures associated with the operation and maintenance of the FRS are effective to ensure the timely production of reliable information. The data preparation, error correction, and month-end processing procedures were observed and evaluated. Users of the FRS were interviewed to determine their satisfaction with the system. User and system documentation were reviewed to determine their completeness and accuracy. Computer programs of the FRS were not reviewed.

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### BACKGROUND

3. The FRS is a sophisticated computer application designed to provide Agency managers with timely and reliable information to support their budgetary and fiscal responsibilities. The Office of Finance (OF) coordinates and controls all aspects of the system's operation. The Office of Data Processing (ODP) programmed the FRS during the early 1970's and, at the direction of the OF, provides continued technical support to the operation and maintenance of the system.

### DETAILED COMMENTS

#### User Documentation

4. The FRS user's manual is out-of-date. The manual has not been updated since its issuance in 1974 even though many changes affecting use of the FRS have been made. The OF has issued memorandums to users concerning changes to the FRS; however, the memoranda do not include all changes and are not easily incorporated into the user's manual. This situation has necessitated the OF/Data Base Administrator to devote time to counseling budget and fiscal officers who have problems or questions concerning the changed uses and capabilities of the FRS.

5. The OF is aware of the need to update the user's manual and has been working intermittently to do so. However, an intensified effort is required.

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Recommendation #1 (For OF): Update and reissue the FRS user's manual.

Recommendation #2 (For OF): Formalize procedures to keep the FRS user's manual current.

System Documentation

6. A review of the ODP's technical documentation of the FRS disclosed that production manuals are complete and current but that portions of the application and program manuals are incomplete or out-of-date. Items requiring revision include flow charts, data descriptions and data cross-references. The programmers who maintain the FRS rely on the application and program manuals to assess the feasibility and impact of proposed changes and to identify and resolve problems as they occur. Incomplete or out-of-date documentation complicates the programming effort required to maintain the FRS.

Recommendation #3 (For ODP): Review the application and program manuals of the FRS and update as required.

14 August 1981

MEMORANDUM FOR: Director of Logistics  
VIA: Inspector General *CAB*  
FROM:   
Chief, Audit Staff  
SUBJECT: Report of Audit, Executive Dining Room,  
For the Period 1 December 1979 - 30 June 1981

STAT

1. Attached is a copy of subject report.
2. We appreciate the cooperation and assistance extended to the auditor.



STAT

Attachment:  
As Stated

Distribution:  
Orig. - D/LOG  
1 - DDA  
1 - D/Fin  
✓ 1 - ODP

REPORT OF AUDIT  
Executive Dining Room

For the Period  
1 December 1979 - 30 June 1981

BACKGROUND

1. The Executive Dining Room (EDR) provides a private dining area for senior Agency officials where classified discussions may be held. In addition, EDR caters official and nonofficial Agency functions. The Office of Logistics/Logistics Services Division is responsible for EDR financial and personnel administration. A cleared manager, who is an independent contractor, and eight Agency staff employees operate the EDR.

SCOPE AND OPINION

2. We have examined the statement of financial position of EDR at 30 June 1981 and the related statements of operations and changes in financial position for the nineteen-month period then ended. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and other auditing procedures as we considered necessary under the circumstances.

3. In our opinion the accompanying financial statements present fairly the financial position of EDR at 30 June 1981 and the results of operations and changes in financial position for the 19 months then ended in conformity with generally accepted accounting principles applied on a consistent basis.

AUDIT COMMENTS

4. The Executive Dining Room continues to be administered in an effective manner, with financial records maintained in accordance with acceptable commercial practices. Observations pertaining to various administrative matters, such as taking inventory, maintaining subsidiary ledgers, and preparation of financial statements, were discussed with responsible individuals and resolved during the audit.

5. This report contains no recommendations.



Executive Dining Room  
Statement of Financial Position  
30 June 1981

ASSETS

Cash on Hand		\$ 200
Cash in Bank		15,979
Accounts Receivable		8,617
Food and Commodity Inventory		7,089
Furniture and Equipment	\$26,325	
Less: Accumulated Depreciation	<u>26,325</u>	<u>-0-</u>
Total Assets		<u>\$31,885</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$11,166
Fund Balance	a/ <u>20,719</u>
Total Liabilities and Fund Balance	<u>\$31,885</u>

a/ Fund Balance at 1 December 1979	\$19,450
Add: Net Income (Exhibit B)	<u>1,269</u>
Fund Balance at 30 June 1981	<u>\$20,719</u>

Executive Dining Room  
Statement of Income and Expense  
1 December 1979 - 30 June 1981

Income:

Meals	\$ 96,081	
Special Functions	42,859	
Meals Surcharge	9,775	
Coffee Sales	10,122	
Miscellaneous	1,224	
Finance Charges on Overdue Accounts	<u>304</u>	\$160,365

Cost of Food and Commodities:

Opening Inventory, 1 December 1979	6,782	
Purchases	<u>118,798</u>	
	125,580	
Less: Closing Inventory, 30 June 1981	<u>7,089</u>	<u>118,491</u>

Gross Profit

41,874

Less Operating Expenses:

Special Function Overtime Re- imbursement	18,036	
Miscellaneous Supplies and Services	13,266	
Laundry	8,226	
Equipment Repairs	<u>1,077</u>	<u>40,605</u>

Net Income (Exhibit A)

\$1,269

Salary Costs Paid by the Agency:

\$278,293

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Report of Audit Appraisal: Financial Resources System

FROM:

Audit Staff  
1201 Key

EXTENSION

NO.

DATE

29 Sept 1981

STAT

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S  
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. IG  
6E19 Hqs30 SEP  
198130 SEP  
1981

CJR

2.

3. D/Fin  
616 Key

12/15/81 WRC

4.

5. D/ODP  
2D0105 Hqs

3 to 5. Due to oversight, we failed to forward this memo on to you upon receipt. I have this date informed the DC/Audit Staff of this matter. He assures me you will be given normal period to respond.

6. EXD

12/15/81 GD

7. DD

8.

9.

10.

11.

12.

13.

14.

15.

STAT